

FOR IMMEDIATE RELEASE

August 8, 2025

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Notice Concerning Disposal of Treasury Shares through Third-Party Allotment in Connection with Introduction of the Share-Based Remuneration System and Update of Employees Incentive Plan

Leopalace21 Corporation (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held today, to dispose of treasury shares as share-based remuneration (the “Disposal of Treasury Shares”) as described below due to the introduction of the Share-Based Remuneration System and update of Employees Incentive Plan.

1. Overview of Disposal

(1) Date of disposal	August 26, 2025
(2) Class and number of shares for disposal	2,939,100 common shares of the Company (including 1,720,400 shares allocated under the Share-Based Remuneration System and 1,218,700 shares under the Employees Incentive Plan)
(3) Disposal price	¥745 per share
(4) Total disposal amount	¥2,189,629,500
(5) Scheduled allottee	Sumitomo Mitsui Trust Bank, Limited (trust account) (Re-entrustment trustee: Custody Bank of Japan, Ltd. (trust account))
(6) Other matters	The Disposal of Treasury Shares shall be subject to a Securities Registration Statement under the Financial Instruments and Exchange Act taking effect.

2. Purpose and reason for disposal

At the meeting of the Board of Directors held on April 25, 2025, the Company resolved to introduce a performance-linked share-based remuneration system (the “Share-Based Remuneration System”) that aims to promote the sharing of profits between shareholders and the Company’s Executive Directors, Executive Officers and Executive Directors of affiliated companies (collectively, the “Directors, etc.”), to make remuneration function as an incentive to increase corporate value over the medium to long term, and to increase the transparency of remuneration from shareholders and the rationality of remuneration for the performance of duties of the Directors, etc. The System for the Company’s Executive Directors was introduced following its approval by resolution at the 52nd Annual General Shareholders’ Meeting, held on June 26, 2025. For an overview of the System, please refer to the “Notice Concerning Introduction of a Performance-Linked Share-Based Remuneration System” dated April 25, 2025.

In addition, at the meeting of the Board of Directors held on February 28, 2024, the Company also resolved to introduce incentive plan for employees (the “Employees Incentive Plan”) that aims to enhance benefit programs for certain employees of the Company (“Employees”) and, by raising their awareness of the Company’s performance and stock price and thereby fostering a sense of belonging and instilling an awareness of participation in management, increasing the Company’s medium- to long-term corporate value. Moreover, employees of its subsidiaries have been added as eligible participants under the Employees Incentive Plan on March 31, 2025.

For an overview of the Plan, please refer to the “Notice Concerning Introduction of Employees Incentive Plan” dated February 28, 2024

The Disposal of Treasury Shares will be made to Sumitomo Mitsui Trust Bank, Limited (trust account) (re-entrustment trustee: Custody Bank of Japan, Ltd. (Trustee)) as the trustee for the trust (the “Trust”) established by the Company for the operation of Share-Based Remuneration System and Employees Incentive Plan.

The quantity of shares for disposal corresponds to the number of shares expected to be delivered to the Directors, etc., taking into consideration factors such as the positions of the Company’s Directors, etc., and changes in their composition, etc. and to Employees taking into consideration factors such as their composition, during the trust period, based on the stock granting regulations established by the Company upon the introduction of the Share-Based Remuneration System and the Employees Incentive Plan. The scale of dilution is calculated to be 0.89% of the total number of shares outstanding as of March 31, 2025 (329,389,515 shares) The scale of dilution is calculated to be 0.63% of the total number of shares outstanding as of June 30, 2025 (466,462,318 shares) and 0.91% of the total number of voting rights as of March 31, 2025 (3,238,327 votes), with all values rounded to the nearest second decimal place. The Company believes that the Share-Based Remuneration System and the Employees Incentive Plan will clarify the linkage between the remuneration of the Directors, etc. and Employees and the Company’s share value, and therefore lead to enhancement of the Company’s corporate value over the medium- to long-term. The Company has determined that the disposal quantity and the scale of dilution resulting from the Disposal of Treasury Shares are reasonable, and that the impact on the trading market will be negligible.

(Reference) Overview of trust agreement concerning the share delivery relating to Trust for Share-Based Remuneration System for the Directors, etc

Trustor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-entrustment trustee: Custody Bank of Japan, Ltd.)
Beneficiaries	Directors, etc. who satisfy the beneficiary requirements
Trust administrator	A third party to be selected that is independent of the Company and its officers
Exercise of voting rights	The voting rights of Company Shares in the Trust shall not be exercised during the period of the Trust
Type of trust	Trust of money other than “money trust” (<i>kinsen-shintaku</i>) (third-party-benefit trust)
Date of trust agreement	August 26, 2025
Trust period	August 26, 2025 - August 31, 2028 (scheduled)
Trust purpose	To deliver the Company Shares to the beneficiaries based on the stock granting regulations

(Reference) Overview of trust agreement concerning the share delivery relating to Trust for Employees Incentive Plan

Trustor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-entrustment trustee: Custody Bank of Japan, Ltd.)
Beneficiaries	Employees who satisfy the beneficiary requirements
Trust administrator	A third party to be selected that is independent of the Company and its officers
Exercise of voting rights	The trustee will exercise the voting rights of shares in the Trust during the trust period based on the instructions of the trust administrator
Type of trust	Trust of money other than “money trust” (<i>kinsen-shintaku</i>) (third-party-benefit trust)
Date of trust agreement	March 15, 2024
Trust period	March 15, 2024 - August 31, 2028 (scheduled)

Trust purpose	To deliver the Company Shares to the beneficiaries based on the stock granting regulations
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3. Basis of calculation and specific details of the disposal price amount

Considering recent share price trends, the disposal price is set at ¥745, the closing price of the Company's shares on the Tokyo Stock Exchange on the business day immediately prior to the date of the Board of Directors' resolution August 7, 2025, in order to eliminate arbitrariness in pricing. The Company chose the closing price of the business day immediately preceding the Board of Directors' resolution because it reflects the market value immediately prior to the Board of Directors' resolution date, which the Company has determined to be a highly objective and reasonable basis for calculation.

Regarding the price, the deviation rate from the average closing price of ¥699 (rounded down to the nearest yen) over the one-month period immediately preceding the Board of Directors resolution date (from July 8, 2025 to August 7, 2025) is 6.58%; the deviation rate from the average closing price of ¥641 (rounded down to the nearest yen) over the three-month period immediately preceding the Board of Directors resolution date (from May 8, 2025 to August 7, 2025) is 16.22%; and the deviation rate from the average closing price of ¥609 (rounded down to the nearest yen) over the six-month period (from February 10, 2025 to August 7, 2025) is 22.33% (all deviation rates are rounded to the nearest second decimal place).

As a result of considering the above, the Company believes that the disposal price for the Disposal of Treasury Shares is not particularly advantageous to the scheduled allottee and is reasonable.

Furthermore, with respect to the disposal price described above, the Audit & Supervisory Committee (comprised of 4 members, of which 2 are Outside Audit & Supervisory Board Members) who are present at the Board of Directors meeting expressed the opinion that the basis for calculation is reasonable, and that it is a disposal price that is not particularly advantageous to the scheduled allottee and is in compliance with the law.

4. Matters concerning the procedure required by the corporate code of conduct

The Disposal of Treasury Shares does not require the procurement of an opinion from an independent third party or require procedures for confirming the intent of shareholders, which are provided for under Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, because (i) the dilution ratio is less than 25% and (ii) it does not involve a change in controlling shareholder.

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